

KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

| | Note | 2006 R | 2005 R |
|--|------|-------------------|-------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | 16,536,159 | 16,483,043 |
| Government grant reserve | | 1,101,591 | 1,101,591 |
| Capitalisation reserve | | 6,267,805 | 5,264,415 |
| Accumulated Surplus/(Deficit) | | 9,166,763 | 10,117,037 |
| Non-current liabilities | | 1,444,428 | 1,362,564 |
| Long-term liabilities | 1 | 437,928 | 821,434 |
| Non-current provisions | 2 | 1,006,500 | 541,130 |
| Current liabilities | | 18,858,494 | 39,343,518 |
| Provisions | 4 | 250,000 | - |
| Creditors | 5 | 243,739 | 29,601 |
| Unspent conditional grants and receipts | 6 | 15,631,384 | 38,973,786 |
| Trust Funds | | 2,349,183 | 3,990 |
| Current portion of long-term liabilities | 1 | 384,188 | 336,141 |
| Total Net Assets and Liabilities | | 36,839,081 | 57,189,125 |
| ASSETS | | | |
| Non-current assets | | 10,142,486 | 8,775,466 |
| Property, plant and equipment | 8 | 10,139,041 | 8,772,231 |
| Investments | 9 | 3,445 | 3,235 |
| Current assets | | 26,696,595 | 48,413,659 |
| Inventory | 10 | 1,802 | 1,802 |
| Consumer debtors | 11 | 1,496,866 | 7,506,939 |
| Other debtors | | 6,050 | 6,050 |
| Call investment deposits | 9 | 24,861,811 | 40,655,981 |
| Bank balances and cash | 12 | 330,066 | 242,887 |
| Total Assets | | 36,839,081 | 57,189,125 |

**KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30th JUNE 2006**

| | Note | 2006 R | 2005 R |
|--|------|--------------------|--------------------|
| REVENUE | | | |
| Property rates | 13 | 8,042 | 14,150 |
| Property rates - penalties imposed and collection charges | | | |
| Service charges | 14 | 98,430 | 87,504 |
| Rental of facilities and equipment | | 8,320,546 | 42,587 |
| Interest earned - external investments | | 4,349,694 | 2,717,286 |
| Interest earned - outstanding debtors | | 115,876 | 557 |
| Levies | | 21,170,518 | 15,577,047 |
| Roads/Workshop income | | 2,540,280 | |
| Government grants and subsidies | 15 | 78,400,327 | 76,595,613 |
| Other income | | 152,799 | 17,256,182 |
| Contributions Local Municipalities | | 6,425,000 | |
| Gains on disposal of property, plant and equipment | | | |
| Less Transfers | | -2,958,042 | |
| Total Revenue | | 118,623,470 | 112,290,926 |
| EXPENDITURE | | | |
| Employee related costs | 18 | 24,670,247 | 22,511,785 |
| Remuneration of Councillors | 19 | 2,166,889 | 1,439,579 |
| Bad debts | | | 250,000 |
| Collection costs | | | |
| Depreciation | | 1,838,690 | 1,426,788 |
| Repairs and maintenance | | 27,511,823 | 6,000,903 |
| Interest paid | 18 | 150,892 | 235,548 |
| Grants and subsidies paid | | 42,449,132 | 73,836,392 |
| General expenses | 20 | 21,613,389 | 7,752,654 |
| Less Charge-outs | | -572,132 | |
| Total Expenditure | | 119,828,930 | 113,453,649 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | -1,205,460 | -1,162,723 |
| Refer to Appendix E(1) for the comparison with the approved budget | | | |

KGALAGADI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

| | <u>Pre-GAMAP Old Reserves and Funds</u> R | <u>Government Grant Reserve</u> R | <u>Capitalisation Reserve</u> R | <u>Donations and Public Contribution Fund</u> R | <u>Accumulated Surplus/Deficit</u> R | <u>Total</u> R |
|-------------------------------------|--|--|--|--|---|-------------------|
| 2005 | | | | | | |
| Balance at 1 July 2004 | | | | | | |
| Implementation of GAMAP | | | | | | |
| Restated balance | - | - | - | - | - | - |
| Surplus/(deficit) for the year | | | | | | |
| Capital grants used to purchase PPE | | | | | | |
| Donated/contributed PPE | | | | | | |
| Offsetting of depreciation | | | | | | |
| Balance at 30 June 2005 | - | 1,101,591 | 5,264,415 | - | 10,117,037 | 16,483,043 |
| 2006 | | | | | | |
| Correction of error | | | | | 3,191,203 | 3,191,203 |
| Restated balance | - | 1,101,591 | 5,264,415 | - | 13,308,240 | 19,674,246 |
| Surplus/(deficit) for the year | | | | | -1,205,460 | -1,205,460 |
| Capital grants used to purchase PPE | | | | | -136,017 | -3,341,518 |
| Donated/contributed PPE | | | -3,205,501 | | | 4,200,779 |
| Asset disposals | | | 4,200,779 | | | 8,112 |
| Offsetting of depreciation | | | 8,112 | | | |
| Balance at 30 June 2006 | - | 1,101,591 | 6,267,805 | - | 11,966,763 | 19,336,159 |

KGALAGADI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

| | Note | 2006 R | 2005 R |
|--|------|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | | |
| Cash paid to suppliers and employees | | | |
| Cash generated from/(utilised in) operations | 21 | <u>-78,105,122</u> | <u>-31,584,213</u> |
| Interest received | | 4,349,694 | 2,717,286 |
| Interest paid | | -150,892 | -235,547 |
| NET CASH FROM OPERATING ACTIVITIES | | <u><u>-73,906,320</u></u> | <u><u>-29,102,474</u></u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | 3,205,501 | 2,273,672 |
| Proceeds on disposal of property, plant and equipment | | | |
| Decrease in non-current receivables | | 54,993,828 | 9,534,747 |
| Increase in non-current investments | | 210 | 235 |
| NET CASH FROM INVESTING ACTIVITIES | | <u><u>58,199,539</u></u> | <u><u>11,808,654</u></u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New loans raised/(repaid) | | | |
| Increase in consumer deposits | | | |
| NET CASH FROM FINANCING ACTIVITIES | | <u><u>-</u></u> | <u><u>-</u></u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | <u><u>-15,706,781</u></u> | <u><u>-17,293,820</u></u> |
| Cash and cash equivalents at the beginning of the year | | 40,902,103 | 58,195,923 |
| Cash and cash equivalents at the end of the year | 22 | 25,195,322 | 40,902,103 |

**KGALAGADI DISTRICT MUNICIPALITY
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP), according to MFMA Circular no 36

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. RESERVES

4.1 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**KGALAGADI DISTRICT MUNICIPALITY
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

4. RESERVES (continued)

4.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

4.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5. PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

**KGALAGADI DISTRICT MUNICIPALITY
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

5. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

| | <u>Years</u> |
|------------------------------|--------------|
| <i>Infrastructure</i> | |
| Water | 15 |
| Reservoir Tanks | 10 |
| <i>Community</i> | |
| Buildings | 30 |
| Recreational Facilities | 15 |
| Sport Facilities | 15 |
| Cemeteries | 20 |
| Community Halls | 20 |
| <i>Other</i> | |
| Office Buildings | 30 |
| Specialist vehicles | 7 |
| Other vehicles | 5 |
| Office equipment | 3 |
| Furniture and fittings | 7 |
| Security measures | 3 |
| Fencing | 5 |

All selling of assets are refunded to the Capitalisation Reserve

6.INVESTMENTS

6.1 Financial Instruments

Financial instruments, which include, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

7.ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

8.TRADE CREDITORS

Trade creditors are stated at their nominal value.

9.REVENUE RECOGNITION

9.1 Revenue from Exchange Transactions

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

**KGALAGADI DISTRICT MUNICIPALITY
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

9. REVENUE RECOGNITION (continued)

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from sale of goods is recognised when the risk is passed to the consumer

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

9.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

10. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

11. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

12. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

**KGALAGADI DISTRICT MUNICIPALITY
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

13. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

14. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. COMPARITIVE INFORMATION

16.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

16.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**KGALAGADI DISTRICT MUNICIPALITY
ENCOURAGED ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. INVESTMENTS

1.1 Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

2. LEASES

The Municipality as Lessee

The Municipality leases photo copiers and fax machines from Xerox and Nashua. The monthly payments are shown as expenditure in the Statement of Financial Performance.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under lease agreements are recorded as income and shown in the Statement of Financial Performance.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

4. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

| | 2006 R | 2005 R |
|---|--------------------------|--------------------------|
| 1 LONG-TERM LIABILITIES | | |
| Annuity Loans | 822,116 | 1,157,575 |
| Government Loans : Other | | |
| Sub-total | <u>822,116</u> | <u>1,157,575</u> |
| Less : Current portion transferred to current liabilities | -384,188 | -336,141 |
| Local Registered Stock Loans | | |
| Annuity Loans | <u>-384,188</u> | <u>-336,141</u> |
| Government Loans : Other | | |
| Total External Loans | <u><u>437,928</u></u> | <u><u>821,434</u></u> |
| Refer to Appendix A for more detail on long-term liabilities. | | |
| 2 NON-CURRENT PROVISIONS | | |
| Provision for Leave Payments | 1,006,500 | 541,129 |
| Total Non-Curent Provisions | <u><u>1,006,500</u></u> | <u><u>541,129</u></u> |
| Provisions for Leave Payments is payable when a official resign and the leave that was not taken have to be paid out. | | |
| The movement in the non-current provision is reconciled as follows: - | | |
| Balance at beginning of year | 541,129 | 541,130 |
| Contributions to provision | - | |
| Expenditure incurred | - | |
| Increase in provision due to discounting | | |
| Transfer to current provisions | 465,371 | |
| Balance at end of year | <u><u>1,006,500</u></u> | <u><u>541,130</u></u> |
| 3 DEBTORS | | |
| Trading Debtors(see note 12) | 162,657 | 291,194 |
| VAT | 1,235,967 | 5,306,425 |
| Deficit Roads | | 2,429,320 |
| Asbestos Roads | 149,685 | |
| Salaries | 3,187 | |
| Less Provision for Bad Depts | <u>-54,630</u> | <u>-520,000</u> |
| | <u><u>1,496,866</u></u> | <u><u>7,506,939</u></u> |
| 4 PROVISIONS | | |
| Insurance Fund | 250,000 | - |
| | <u><u>250,000</u></u> | <u><u>-</u></u> |
| 5 CREDITORS | | |
| Trade creditors | 195,258 | |
| Payments received in advance | 48,481 | 29,601 |
| Unspent grants | 15,631,384 | 38,973,786 |
| | <u><u>15,875,123</u></u> | <u><u>39,003,387</u></u> |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|------------|------------|
| 6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | |
| 6.1 Conditional Grants from other spheres of Government | 15,631,384 | 38,973,786 |
| MIG Grants | 15,631,384 | 38,973,786 |
| Provincial LED Projects | - | - |
| 7 VAT | | |
| VAT payable by SARS | 1,235,967 | 5,306,425 |

VAT is payable on the invoice basis.

8 PROPERTY, PLANT AND EQUIPMENT

30 June 2006

| Reconciliation of Carrying Value | Land and Buildings | Infrastructure | Community | Heritage | Other | Total |
|--|-----------------------|----------------|-----------|----------|-----------|------------|
| | R | R | R | R | R | R |
| Carrying values at 1 July 2005 | 5,448,822 | - | - | - | 3,323,409 | 8,772,231 |
| Cost | 6,295,072 | | | | 7,991,364 | 14,286,436 |
| Accumulated depreciation | 846,250 | | | | 4,667,955 | 5,514,205 |
| Acquisitions | | | | | | |
| Capital under Construction | 16,154,345 | | | | 3,205,501 | 3,205,501 |
| Depreciation | | | | | | 16,154,345 |
| Carrying value of disposals | | | | | | |
| Cost | | | | | | |
| Accumulated depreciation | | | | | | |
| Impairment losses | | | | | | |
| Other movements | | | | | | |
| Carrying values at 30 June 2006 | 6,822,426 | | | | 3,398,993 | 10,224,419 |
| Cost | 7,910,507 | | | | 9,581,431 | 17,491,938 |
| Accumulated depreciation | 1,088,081 | | | | 6,182,438 | 7,270,519 |

30 June 2005

| Reconciliation of Carrying Value | Land and Buildings | Infrastructure | Community | Heritage | Other | Total |
|--|-----------------------|----------------|-----------|----------|-----------|------------|
| | R | R | R | R | R | R |
| Carrying values at 1 July 2004 | 5,113,209 | - | - | - | 2,849,611 | 7,962,820 |
| Cost | 5,749,040 | | | | 6,303,337 | 12,052,377 |
| Accumulated depreciation | 635,831 | | | | 3,453,726 | 4,089,557 |
| Acquisitions | | | | | | |
| Capital under Construction | 546,032 | | | | 1,727,640 | 1,727,640 |
| Depreciation | | | | | | 546,032 |
| Carrying value of disposals | | | | | | |
| Cost | | | | | -39,614 | -39,614 |
| Accumulated depreciation | | | | | | |
| Impairment losses | | | | | | |
| Other movements | | | | | | |
| Carrying values at 30 June 2005 | 5,448,822 | | | | 3,323,409 | 8,772,231 |
| Cost | 6,295,072 | | | | 7,991,364 | 14,286,436 |
| Accumulated depreciation | 846,250 | | | | 4,667,955 | 5,514,205 |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|-------------------|-------------------|
| 9 INVESTMENTS | | |
| Financial Instruments | | |
| Long-term Deposits- Collateral P Seele | 3,445 | 3235 |
| Short-Term Deposits | 24,861,811 | 40659216 |
| Fixed Deposits | <u>24,865,256</u> | <u>40,659,216</u> |

10 INVENTORY

| | | |
|-----------------------------|--------------|-------------|
| Consumable stores – at cost | 1,802 | 1802 |
| Total Inventory | <u>1,802</u> | <u>1802</u> |

The stores are not in use and the amount reflected is for fuel that can not be withdrawn from the tanks.

11 CONSUMER DEBTORS

| | Gross Balances R | Provision for Bad Debts R | Net Balance R |
|---------------------------|---------------------|---------------------------------|------------------|
| As at 30 June 2006 | | | |
| Service debtors | | | |
| Rates | 11,149 | - | 11,149 |
| Refuse | 5,192 | - | 5,192 |
| Water | 19,178 | - | 19,178 |
| VAT | 4,920 | - | 4,920 |
| Miscellaneous Vatable | 29,059 | - | 29,059 |
| Miscellaneous Non Vatable | 93,159 | - | 93,159 |
| Working Capital | | -54,630 | -54,630 |
| Total | <u>162,657</u> | <u>-54,630</u> | <u>108,027</u> |

| | Gross Balances R | Provision for Bad Debts R | Net Balance R |
|---------------------------|---------------------|---------------------------------|------------------|
| As at 30 June 2005 | | | |
| Service debtors | | | |
| Rates | | | - |
| Electricity | | | - |
| Water | | | - |
| Sewerage | | | - |
| Total | <u>291,194</u> | <u>520,000</u> | <u>-</u> |

| | 2006 R | 2005 R |
|-----------------------|---------------|-----------|
| Rates: Ageing | | |
| Current (0 – 30 days) | 753 | |
| 31 - 60 Days | 519 | |
| 61 - 90 Days | 435 | |
| 91 - 120 Days | 362 | |
| 121 - 150 Days | 341 | |
| More than 150 days | 8,739 | |
| Total | <u>11,149</u> | <u>-</u> |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

11 CONSUMER DEBTORS (continued)

(Water and refuse removal): Ageing

Current (0 – 30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121 - 150 Days

More than 151 days

Total

2006
R

2005
R

20,542

6,454

2,517

18,817

4,398

98,779

151,507

-

Summary of Debtors by Customer Classification

30 June 2006

Current (0 – 30 days)

31 - 60 Days

61 - 90 Days

More than 91 days

Sub-total

Less: Provision for bad debts

Total debtors by customer classification

Consumers

Industrial/
Commercial

National and
Provincial
Government

R

R

R

18,908

1,755

632

4,420

1,705

848

1,219

1,363

371

115,349

591

15,495

139,896

5,414

17,346

-54,630

-

85,266

5,414

17,346

Summary of Debtors by Customer Classification

30 June 2005

Current (0 – 30 days)

31 - 60 Days

61 - 90 Days

More than 91 days

Sub-total

Less: Provision for bad debts

Total debtors by customer classification

Consumers

Industrial/
Commercial

National and
Provincial
Government

R

R

R

51,307

-

3,087

5,256

-

531

2,528

-

1,600

100,049

-

126,835

159,140

-

132,053

-520,000

-

-360,860

-

132,053

Reconciliation of the bad debt provision

Balance at beginning of the year

Contributions to provision

Bad debts written off against provision

Reversal of provision

Balance at end of year

2006
R

2005
R

520,000

520,000

465,370

54,630

-

520,000

12 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank No 960000999

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

330,066

242,887

242,887

402,994

330,066

242,887

2,050,910

2,568,928

2,050,910

2,050,910

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|-------------------|-------------------|
| 13 PROPERTY RATES | | |
| <u>Actual</u> | | |
| Residential, Commercial and State | 14,489 | 14,489 |
| Less: Income Forgone | 6,447 | 339 |
| Total Assessment Rates | 8,042 | 14,150 |
| <u>Valuations</u> | | |
| Residential and Commercial | 2,086,801 | 2,086,801 |
| State | 731,000 | 731,000 |
| Building Clause | 80,000 | 80,000 |
| Total Property Valuations | 2,897,801 | 2,897,801 |
| <p>Valuations on land and buildings came into effect on 1 July 2002. A general rate of R0.005 (2004: R0.005) is applied to property valuations to determine assessment rates. Rebates of R15000.00 on valuation is granted to residential property and 20% to state property owners. Rates are levied on an annual and monthly basis on property owners.</p> | | |
| 14 SERVICE CHARGES | | |
| Sale of water | 74,993 | 83,939 |
| Refuse removal | 20,212 | 17,685 |
| Sanitation removal | 3,225 | 3,565 |
| Total Service Charges | 98,430 | 105,189 |
| 15 GOVERNMENT GRANTS AND SUBSIDIES | | |
| Equitable share | 14,164,440 | 14,945,548 |
| Provincial road subsidies | 3,096,217 | 2,759,220 |
| Provincial health subsidies | - | 6,500 |
| Provincial library grant | 16,000 | |
| Provincial disaster management grant | 469,000 | 444,000 |
| Provincial grant - fire equipment | 435,000 | 416,000 |
| Municipal system improvement grant | 1,750,000 | 3,500,000 |
| Capital grant electricity | 50,000 | |
| Local government finance management grant | 1,000,000 | |
| Drought relieve | 16,663,000 | |
| LED | | 40,000 |
| MIG Grant | 29,542,888 | 51,725,124 |
| Sanitation Grant | 10,000,000 | |
| Asbestos Roads | 1,063,782 | |
| Cleaning Vanzylsrus | 150,000 | |
| Electricity Olifantshoek | 526,316 | |
| Total Government Grant and Subsidies | 78,400,327 | 73,836,392 |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|---|-------------------|-------------------|
| 16 EMPLOYEE RELATED COSTS | | |
| Employee related costs - Salaries and Wages | 14,997,547 | 13,386,874 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 6,761,870 | 4,862,953 |
| Travel, motor car, accommodation, subsistence and other allowances | 1,499,439 | 2,895,800 |
| Housing benefits and allowances | 1,015,479 | 969,471 |
| Overtime payments | - | 775 |
| Performance bonus | 395,912 | 395,912 |
| Total Employee Related Costs | 24,670,247 | 22,511,785 |

There were no advances to employees. Loans to employees are set out in note 10.

Remuneration of the Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration-All inclusive package | 646,838 | 596,628 |
| Performance Bonuses | 107,756 | 107,756 |
| Leave Payment | 24,405 | 85,961 |
| Total | 778,999 | 790,345 |

Remuneration of the Chief Finance Officer
Position Vacant

Remuneration of Individual Executive Directors

| | Special Projects R | Technical Services R | Corporate Services R | Development and Planning R |
|---|--------------------------|----------------------------|----------------------------|----------------------------------|
| 30 June 2006 | | | | |
| Annual Remuneration-All inclusive package | 509,521 | 615,265 | 607,119 | 550,923 |
| Performance Bonuses | - | 100,453 | 97,503 | 90,200 |
| Leave Payment | 26,652 | 32,175 | 31,230 | 64,174 |
| Total | 536,173 | 747,893 | 735,852 | 705,297 |
| 30 June 2005 | | | | |
| Annual Remuneration-All inclusive package | 40,538 | 569,763 | 562,952 | 510,065 |
| Performance Bonuses | | 100,453 | 97,503 | 90,200 |
| Leave Payment | | 32,650 | 72,025 | 78,033 |
| Total | 40,538 | 702,866 | 732,480 | 678,298 |

17 REMUNERATION OF COUNCILLORS

| | | |
|---|------------------|------------------|
| Executive Mayor | 345,624 | 295,830 |
| Speaker | 287,310 | 271,695 |
| Executive Committee Members | 980,566 | 850,094 |
| Councillors | 311,547 | 291,175 |
| Councillors' pension and medical aid contribution | 241,842 | 184,994 |
| Total Councillors' Remuneration | 2,166,889 | 1,893,788 |

In-kind Benefits

The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has a full-time driver.

18 INTEREST PAID

| | | |
|--|----------------|----------------|
| Long-term liabilities | 150,892 | 235,547 |
| Total Interest on External Borrowings | 150,892 | 235,547 |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|--------------------|-------------------|
| 19 GRANTS AND SUBSIDIES PAID | | |
| Grant to Ga-Segonyana Local Municipality | 1,800,000 | 1,338,000 |
| Grant to Gamagara Local Municipality | 1,260,000 | - |
| Grant to Moshaweng Local Municipality | 1,300,000 | - |
| Kgalagadi District Municipality | 2,065,000 | - |
| Total Grants and Subsidies | 6,425,000 | 1,338,000 |
| 20 GENERAL EXPENSES | | |
| Included in general expenses are the following:- | | |
| 22.1 Flood damage | 41,260 | - |
| Flood damage costs resulted from unseasonal floods that occurred in the Moshaweng areas. The Municipality had to provide temporary shelter and food aid to affected residents until the flooding subsided and residents were able to return to their homes. The flood damage was unforeseen and has never occurred previously. | | |
| 22.2 Material losses | | |
| Burglary at Vanzylsrus office | 562 | - |
| 21 CASH GENERATED BY OPERATIONS | | |
| Surplus/(deficit) for the year | -1,205,461 | -1,162,723 |
| Operating surplus | -1,205,461 | -1,162,723 |
| Decrease in inventories | 0 | 15,833 |
| (Increase)/decrease in debtors | 5,900,555 | -6,724,317 |
| (Decrease)/increase in conditional grants and receipts | -59,671,952 | -11614105 |
| Increase in creditors | -23,128,264 | -12097901 |
| Cash generated by/(utilised in) operations | -78,105,122 | -31584213 |
| 22 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position : | | |
| Bank balances and cash | 330,066 | 242,887 |
| Investment deposits | 24,865,256 | 40,659,216 |
| Total cash and cash equivalents | 25,195,322 | 40,902,103 |
| 23 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION | | |
| Long-term liabilities (see Note 1) | 437,928 | 821,434 |
| Used to finance property, plant and equipment – at cost | 3,205,501 | 2,273,672 |
| Total | 3,643,429 | 3,095,106 |
| Cash set aside for the repayment of long-term liabilities | 822,116 | 1,157,575 |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|-----------|-----------|
|--|-----------|-----------|

24 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

24.1 Unauthorised expenditure

| | | |
|--|------------|--------------------------|
| Opening Balance | | - |
| Manager Corporate Service | 605,943 | |
| Municipal Manager | 12,618 | |
| Council | 227,769 | |
| Financial Services | 78,740 | |
| DMA Vanzylsrus | 258,658 | |
| Manager Special Projects | 646,262 | |
| MIG Office (PMU) | 686,264 | |
| Ga-Segonyana Projects | 10,623,880 | |
| Moshaweng Projects | 9,551,246 | |
| Gamagara Projects | 155,850 | |
| Kgalagadi Projects | 2,090,031 | |
| <i>Included in Kgalagadi Projects from operating budget:</i> | | |
| Targeted Groups R 17 530.00 | | |
| Provincial and National Events R 250 922.00 | | |
| Unauthorised expenditure currency year | | 24,937,261 |
| Approved or condoned by Council | | - |
| Unauthorised expenditure awaiting authorization | | <u><u>24,937,261</u></u> |

25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

25.1 Contributions to organized local government

| | | |
|---|-----------------|-----------------|
| Opening balance | | |
| Council subscriptions | 99,199 | - |
| Amount paid - current year | -99,199 | - |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | <u><u>-</u></u> | <u><u>-</u></u> |

25.2 Audit fees

| | | |
|---|-----------------|-----------------|
| Opening balance | | |
| Current year audit fee | 308,211 | 226,234 |
| Amount paid - current year | -308,211 | -226,234 |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | <u><u>-</u></u> | <u><u>-</u></u> |

25.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 7.
All VAT returns have been submitted by the due date throughout the year.

25.4 PAYE and UIF

| | | |
|---|-----------------|-----------------|
| Opening balance | | |
| Current year payroll deductions | 5,259,768 | - |
| Amount paid - current year | -5,259,768 | - |
| Amount paid - previous years | - | - |
| Balance unpaid (included in creditors) | <u><u>-</u></u> | <u><u>-</u></u> |

KGALAGADI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (continued)

| | 2006 R | 2005 R |
|--|------------------|-----------|
| 25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued) | | |
| 25.5 Pension and Medical Aid Deductions | | |
| Opening balance | 5,459,606 | |
| Current year payroll deductions and Council Contributions | -5,459,606 | |
| Amount paid - current year | | |
| Amount paid - previous years | | |
| Balance unpaid (included in creditors) | <u>-</u> | <u>-</u> |
| 25.6 Councillor's arrear consumer accounts | | |
| No Councillors had any arrear accounts outstanding. | | |
| 25.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act | | |
| In April 2006 a disaster occurred at Bothitong village and liquifire gel stoves were bought for the affected families. The official procurement processes were not followed as no competitive bids were invited. | <u>42,750</u> | <u>-</u> |
| 26 COMPARISON WITH THE BUDGET | | |
| The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2). | | |
| 27 CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure: | | |
| - Approved and contracted for | 884,565 | |
| Infrastructure | - | - |
| Community | 884,565 | - |
| Heritage | - | - |
| Other | - | - |
| - Approved but not yet contracted for | 639,883 | |
| Infrastructure | - | - |
| Community | - | - |
| Heritage | - | - |
| Other | 639,883 | - |
| Total | 1,524,448 | |
| This expenditure will be financed from: | | |
| - Own resources | <u>1,524,446</u> | <u>-</u> |
| | <u>1,524,446</u> | <u>-</u> |
| 28 RETIREMENT BENEFIT INFORMATION | | |
| All Councillors and employees belong to defined benefit retirement funds. | | |
| 29 EVENTS AFTER THE REPORTING DATE | | |
| 31.1 Councillor Remuneration: | | |
| Backpay for councillors relating to the 2005/2006 financial year, paid during the 2006/2007 financial year. | <u>49,117</u> | <u>-</u> |
| 30 COMPARISON WITH THE BUDGET | | |
| The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2). | | |

KGALAGADI DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006
APPENDIX A

| EXTERNAL LOANS | Loan Number | Redeemable | Balance at 30/06/2005 | Received during the period | Redeemed written off during the period | Balance at 6/6/1930 |
|------------------------------|-------------|------------|-----------------------|----------------------------|--|---------------------|
| ANNUITY LOAN DBSA @13.85% | 2 | 31/12/2008 | 1,157,575 | | 33,459 | 822,116 |
| TOTAL EXTERNAL LOANS | | | 1,157,575 | | 33,459 | 822,116 |

| Carrying Value of Property, Plant & Equipment | Other Costs in accordance with the MFMA |
|---|---|
| 1,428,903 | |
| 1,428,903 | |

APPENDIX B

| | Cost/Revaluation | | | | Accumulated Depreciation | | | | |
|--------------------|------------------|-----------|-----------|-----------------|--------------------------|-----------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | Carrying Value |
| Land and Buildings | 893,976 | | | 893,976 | 92,540 | 28,623 | | 121,163 | 772,813 |
| | 5,401,096 | 1,615,435 | | 7,016,531 | 753,710 | 213,208 | | 966,918 | 6,049,613 |
| | 6,295,072 | 1,615,435 | - | 7,910,507 | 846,250 | 241,831 | - | 1,088,081 | 6,822,426 |
| | | | | | | | | | |
| Other Assets | 7,991,364 | 1,590,066 | | 9,581,431 | 4,667,955 | 1,514,483 | | 6,182,438 | 3,398,993 |
| | 14,286,436 | 3,205,501 | - | 17,491,938 | 5,514,205 | 1,756,314 | - | 7,270,519 | 10,221,419 |

APPENDIX C

30 JUNE 2006

| | Cost/Revaluation | | | Accumulated Depreciation | | | | | |
|-----------------------------|------------------|-----------|-----------|--------------------------|-----------------|-----------|-----------|-----------------|----------------|
| | Opening Balance | Additions | Disposals | Closing Balance | Opening Balance | Additions | Disposals | Closing Balance | Carrying Value |
| Executive & Council | 2,104,202 | 159,651 | | 2,263,853 | 681,850 | 250,366 | | 932,216 | 1,331,637 |
| Finance & Admin | 10,297,342 | 2,822,381 | | 13,119,723 | 4,178,685 | 1,173,860 | | 5,352,545 | 7,767,178 |
| Planning & Development | 21,992 | | | 21,992 | 11,522 | 6,363 | | 17,885 | 4,107 |
| Health | 80,678 | 4,886 | | 85,564 | 36,866 | 19,352 | | 56,218 | 29,446 |
| Community & Social Services | | | | | | | | | |
| Public Safety | 1,446,150 | 215,555 | | 1,661,705 | 534,319 | 235,910 | | 770,229 | 891,476 |
| Sport & Recreation | | | | | | | | | |
| Environmental Protection | | | | | | | | | |
| Waste Management | | | | | | | | | |
| Road Transport | | | | | | | | | |
| Water | | | | | | | | | |
| Electricity | 336,072 | 3,028 | | 339,100 | 70,963 | 70,463 | | 141,426 | 197,673 |
| Other | | | | | | | | | |
| TOTAL | 14,286,436 | 3,205,501 | - | 17,491,937 | 5,514,205 | 1,756,314 | - | 7,270,519 | 10,221,418 |

APPENDIX D
KGALAGADI DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2006

| 30 JUNE 2006 | | | | | |
|-------------------------------|------------------------------------|------------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 2005 Actual Income R | 2005 Actual Expenditure R | 2005 Surplus/ (Deficit) R | 2006 Actual Income R | 2006 Actual Expenditure R | 2006 Surplus/ (Deficit) R |
| 285,107 | 8,033,627 | -7,748,520 | 257,042 | 8,736,020 | -8,478,978 |
| 34,193,510 | 14,105,056 | 20,088,454 | 40,197,877 | 14,325,685 | 25,872,192 |
| 4,457,131 | 6,990,991 | -2,533,860 | 1,815,758 | 5,494,886 | -3,679,128 |
| 390,582 | 2,652,359 | -2,261,777 | 184,719 | 2,265,034 | -2,080,315 |
| 525,736 | 7,787,303 | -7,261,567 | 625,073 | 9,735,630 | -9,110,557 |
| | | | | | |
| 860,000 | 2,269,182 | -1,409,182 | 914,344 | 2,315,764 | -1,401,420 |
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| 6,600,747 | 6,600,747 | - | 3,215,086 | 6,557,796 | -3,342,710 |
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APPENDIX E(1)

KGALAGADI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

| REVENUE | 2006 Actual (R) | 2006 Budget (R) | 2006 Variance (R) | 2006 Variance (%) | Explanation of Significant Variances greater than 10% versus Budget |
|---|--------------------|--------------------|----------------------|----------------------|--|
| Property rates | 8,042 | 14,150 | -6,108 | 43.17 | R15 000.00 discount on valuations |
| Property rates - penalties imposed and collection charges | | | | | |
| Service charges | 98,430 | 116,300 | -17,870 | 15.37 | Water consumption down due to rainfall |
| Rental of facilities and equipment | 8,320,546 | 5,510,431 | 2,810,115 | 51 | Vehicle income was not budgeted for |
| Interest earned - external investments | 4,349,694 | 2,500,000 | 1,849,694 | 73.99 | The interest received were more than budgeted for |
| Interest earned - outstanding debtors | 115,876 | 8,000 | 107,876 | 1348.45 | Debt collectors were appointed |
| Levies | 21,170,518 | 16,600,000 | 4,570,518 | 27.53 | Debt collectors were appointed |
| Roads/Workshop income | 2,540,280 | 3,080,779 | -540,499 | 42.25 | Income did not realize |
| Government grants and subsidies | 78,400,327 | 68,680,583 | 9,719,744 | 14.15 | Grants received were more than budgeted amounts |
| Other income | 152,799 | 116,720 | 36,079 | 30.91 | |
| Contributions Local Municipalities | 6,425,000 | 6,425,000 | - | | |
| Gains on disposal of property, plant and equipment | | | - | | |
| Less: Transfers | -2,958,042 | | -2,958,042 | | |
| | 118,623,470 | 103,051,963 | 15,571,507 | 15.11 | |
| EXPENDITURE | | | | | |
| Executive & Council | 8,736,020 | 7,849,371 | 886,649 | 11.3 | Overexpenditure on telephones, incorrect allocations & under budget for depreciation |
| Finance & Admin | 14,325,685 | 14,767,837 | -442,152 | 2.99 | |
| Planning & Development | 5,494,886 | 5,913,780 | -418,894 | 8.52 | |
| Health | 2,265,034 | 3,042,024 | -776,990 | 25.54 | The post of Manager was not filled |
| Community & Social Services | 9,735,630 | 9,023,527 | 712,103 | 27.99 | Travel and subsistence, telephone & maintenance contributed towards overexpenditure |
| Housing | | | - | | |
| Public Safety | 2,315,764 | 2,544,239 | -228,475 | 8.98 | |
| Sport & Recreation | | | - | | |
| Environmental Protection | | | - | | |
| Waste Management | | | - | | |
| Road Transport | 6,557,796 | 8,213,673 | -1,655,877 | 20.16 | Expenditure for Asbestos under projects |
| Water | | | - | | |
| Electricity | | | - | | |
| Other | 70,398,116 | 53,129,361 | 17,268,755 | 32.5 | Received more grants than what was budgeted. |
| Less Inter-Departmental Charges | | | | | |
| Total Expenditure | 119,828,931 | 104,483,812 | 15,345,119 | | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | -1,205,461 | -1,431,849 | 226,388 | | |

APPENDIX E(2)

KGALAGADI DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

| | <u>2006</u> <u>Actual</u> | <u>2006</u> <u>Under</u> <u>Construction</u> | <u>2006</u> <u>Total</u> <u>Additions</u> | <u>2006</u> <u>Budget</u> | <u>2006</u> <u>Variance</u> | <u>2006</u> <u>Variance</u> <u>greater than 5% versus Budget</u> | <u>Explanation of Significant Variances</u> |
|-----------------------------|------------------------------|--|---|------------------------------|--------------------------------|--|--|
| | R | R | R | R | R | % | (Explanations to be recorded) |
| Executive & Council | | | | | | | |
| Finance & Admin | 1,048,546 | | 1,048,546 | 750,000 | -298,546 | 39.81 | Financed by the DBSA - R 663 747. Balance transferred to 2006/2007 |
| Planning & Development | | | | | | | |
| Health | 4,886 | | 4,886 | 55,100 | 50,214 | 91.13 | Balance transferred to 2006/2007 |
| Community & Social Services | 318,052 | 1,615,434 | 1,933,486 | 3,005,600 | 1,072,114 | 35.67 | Balance transferred to 2006/2007 |
| Public Safety | 215,555 | | 215,555 | 230,000 | 14,445 | 6.28 | Savings on items budgeted |
| Sport & Recreation | | | | | | | |
| Environmental Protection | | | | | | | |
| Waste Management | | | | | | | |
| Road Transport | | | | | | | |
| Water | | | | | | | |
| Electricity | 3,028 | | 3,028 | 25,500 | 22,472 | 88.13 | Transferred to 2006/2007 |
| Other | | | | | | | |
| TOTAL | 1,590,067 | 1,615,434 | 3,205,501 | 4,066,200 | 860,699 | 21.17 | Transferred to 2006/2007 |

**KGALAGADI DISTRICT MUNICIPALITY
TRAIL BALANCE AT 30 JUNE 2006**

| <u>CAPITAL</u> | <u>FOLIO</u> | <u>DEBIT</u> | <u>CREDIT</u> |
|---|---------------------|---------------------|----------------------|
| Manager Corporate Services | 30100010000 | 9,176,180 | |
| Council | 30100020000 | 344,661 | |
| Financial Services | 30100030000 | 2,256,104 | |
| Human Resources | 30100040000 | 729,828 | |
| Health Services | 30100090000 | 85,564 | |
| Mayoral Office | 30100090000 | 1,908,040 | |
| Management Area | 30100060000 | 942,447 | |
| Disaster Management | 30100050000 | 1,661,705 | |
| PIM Centre | 30100080000 | 17,230 | |
| Projects Management | 30100100000 | 6,520 | |
| Municipal Manager | 30100110000 | 11,153 | |
| Development & Planning | 30100120000 | 4,762 | |
| MIG Office | 30100130000 | 332,579 | |
| Internal Audit | 30100150000 | 15,164 | |
| <u>FUNDS & RESERVES</u> | | | |
| EFF Loans Outstanding | 30100140000 | | 822,116 |
| NDR Grant/Subsidy | 30200310000 | | 1,101,591 |
| N D R Assets finance | 30200320000 | | |
| N D R EFF | 30200330000 | | |
| Acc Depreciation | 30200340000 | | 7,352,896 |
| Assets Financing Fund | 40600510000 | | 6,267,805 |
| Working Capital | 40700710000 | | 54,630 |
| Leave Payments (Provisions) | 40700720000 | | 1,006,500 |
| Trust Bursaries | 40700730000 | | 2,349,183 |
| Insurance Fund | 40703370000 | | 250,000 |
| Accumulated Surplus | 50902410000 | | 9,166,763 |
| <u>CREDITORS</u> | | | |
| Unspent Grants | 5110226012 | | 15,631,384 |
| Advance Payments | 5010000024 | | 48,481 |
| Trade Creditors | 50602040000 | | 195,258 |
| <u>SUNDRY DEBTORS</u> | | | |
| Trading Debtors- Water | 50101200000 | 19,178 | |
| Trading Debtors- Rates | 50101210000 | 11,149 | |
| Trading Debtors- Refuse | 50101220000 | 5,192 | |
| Trading Debtors- VAT | 50101240000 | 4,920 | |
| Trading Debtors- Miscellaneous Vatable | 50101250000 | 29,059 | |
| Trading Debtors- Miscellaneous None Vatable | 50101260000 | 93,159 | |
| Salaries | 51102840000 | 3,187 | |
| Asbestos Roads | 51103220000 | 149,685 | |
| VAT | 51103350000 | 1,235,967 | |
| <u>INVESTMENTS & DEPOSITS</u> | | | |
| Petty Cash | 50000910000 | 1,750 | |
| Deposit Eskom | 50301340000 | 1,000 | |
| Collateral P Seele | 50501730000 | 3,445 | |
| EFF Bank Account | 50501780000 | 822,116 | |
| AFF Bank Account | 50501790000 | 6,267,805 | |
| Provisions Bank Account | 50501800000 | 1,006,500 | |
| Surplus Fund Bank Account | 50501820000 | 16,765,390 | |
| Cheque Account | 51002610000 | 330,066 | |
| Tranquility Trust | 50301330000 | 3,300 | |
| <u>STOCK</u> | | | |
| Inventory | 50401510000 | 1,802 | |
| | | 44,246,607 | 44,246,607 |